

REDEVELOPMENT AGENCY OF

THE CITY OF SAN DIEGO

RESOLUTION NUMBER R-_____

DATE OF FINAL PASSAGE _____

A RESOLUTION OF THE REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO (1) APPROVING THE LOAN AGREEMENT BY AND BETWEEN THE AGENCY AND THE CITY OF SAN DIEGO MEMORIALIZING EXISTING INDEBTEDNESS OF THE AGENCY FROM FUNDS LOANED TO THE AGENCY BY THE CITY AND USED IN CONNECTION WITH REDEVELOPMENT ACTIVITIES; (2) AUTHORIZING THE AGENCY'S REPAYMENT TO THE CITY OF A TOTAL AMOUNT OF \$188,190,718 TO BE PAID OVER A THIRTY YEAR TERM UNLESS EARLIER DEFEASED BY THE AGENCY OR EXTINGUISHED BY THE CITY; AND (3) APPROVING OTHER ACTIONS RELATED TO THE LOAN AGREEMENT.

WHEREAS, the City Council of the City of San Diego (City) adopted Redevelopment Plans for the Centre City, Horton Plaza, Central Imperial, Gateway Center West, Southcrest, Mount Hope, Linda Vista, College Grove, Barrio Logan, City Heights, College Community, North Park, San Ysidro, Naval Training Center, North Bay, Crossroads, and Grantville Redevelopment Projects (collectively referred to herein as the Agency Redevelopment Project Areas, or individually referred to herein as an Agency Redevelopment Project Area); and

WHEREAS, the Implementation Plans approved by the Redevelopment Agency of the City of San Diego (Agency) for the respective Agency Redevelopment Project Areas provide for the implementation of certain activities necessary or appropriate to carry out the Redevelopment Plans for the respective Agency Redevelopment Project Areas; and

WHEREAS, pursuant to the provisions of the California Community Redevelopment Law (Community Redevelopment Law), set forth at California Health and Safety Code

section 33000 et seq., the Agency is engaged in activities necessary to execute and implement the Redevelopment Plans and Implementation Plans for each of the Agency Redevelopment Project Areas; and

WHEREAS, pursuant to California Health and Safety Code section 33600, the Agency may accept financial or other assistance from any public source for the Agency's activities, powers, and duties, and expend any funds so received for any of the purposes of the Community Redevelopment Law; and

WHEREAS, pursuant to California Health and Safety Code section 33601, the Agency may borrow or accept financial or other assistance from the state or federal government or any other public agency for any Agency redevelopment project within its area of operation, and may comply with any conditions of such loan or grant; and

WHEREAS, the Agency, acting to carry out its public purposes of executing and implementing the Redevelopment Plans for the Agency Redevelopment Project Areas under the Community Redevelopment Law, borrowed money from the City on a long term basis (Long Term Debt); and

WHEREAS, on June 30, 2010, the Agency and the City entered into an agreement for the Agency's repayment of certain CDBG debt to the City in the total amount of approximately \$78.8 million to be paid in annual payments over a ten year term; and

WHEREAS, the Agency and the City now wish to enter into that certain Loan Agreement (Loan Agreement) to provide for the repayment by the Agency of additional debts owed to the City, and for the Agency to execute a Promissory Note (Note) as evidence of the Agency's debt to the City; and

WHEREAS, the Note is in an amount of \$188,190,719, including principal in an amount of \$65,795,767 and accrued interest through June 30, 2010, in an amount of \$122,394,952; and

WHEREAS, interest on City loans to the Agency accrued at a rate of twelve percent per annum until such interest rate was indexed to the Prime Rate plus two percent beginning on July 1, 1993, pursuant to City Council Resolution No. R-282415; and

WHEREAS, the City has determined to cease the accrual of interest on the Long-Term Debt as per the terms of the proposed Loan Agreement; and

WHEREAS, the City acknowledges that certain Agency Redevelopment Project Areas may reach the date beyond which they can no longer collect tax increment or repay debt pursuant to California Health and Safety Code section 33670 (Tax Increment Limitation Date) prior to the term of the Loan Agreement and any debt still owing from such Agency Redevelopment Project Areas may not be paid; and

WHEREAS, the Agency hereby determines that the proposed repayment plan set forth in this Agreement serves a public purpose in that: (a) the Agency will reduce its indebtedness to the City; and (b) the City has benefitted, and will continue to benefit, significantly from the Agency's redevelopment projects which have resulted in City assets such as public improvements, parks, buildings and land, in increased revenues to the City in the form of transient occupancy tax, sales tax and property tax, in economic revitalization within the City, in increased public infrastructure and improvements within the City such as improved streets, transit corridors, pedestrian walkways and storm drains, and in increased affordable housing within the City; NOW, THEREFORE,

BE IT RESOLVED, by the Redevelopment Agency of the City of San Diego, as follows:

1. That the Agency hereby approves the Loan Agreement by and between the Agency and the City of San Diego, providing the terms for the Agency's repayment of the Long-Term Debt to the City in the total amount of One Hundred Eighty Eight Million One Hundred Ninety Thousand Seven Hundred Nineteen Dollars (\$188,190,719) to be paid annually over a thirty year term, when and at such time as funds are available, in accordance with the Loan Agreement, and upon certification from the Comptroller that funds are available.

2. That the Agency Executive Director, or designee, is hereby authorized to execute the Loan Agreement on behalf of the Agency; a copy of the Loan Agreement when executed by the Agency and the City shall be placed on file in the office of the Secretary of the Agency as Document No. _____.

3. That the Agency Executive Director, or designee, is hereby authorized, on behalf of the Agency, to execute all documents necessary and appropriate to carry out and implement the Loan Agreement, including the Note, and to administer the Agency's obligations, responsibilities and duties to be performed under the Loan Agreement.

4. That all repayments pursuant to the Loan Agreement and any other obligations and indebtedness of the Agency to the City created by the Loan Agreement shall be subordinate to any bonded indebtedness which has been issued or may be issued by the Agency and shall not

be deemed a first pledge of tax increment allocations received by the Agency pursuant to California Health and Safety Code section 33670.

APPROVED: JAN I. GOLDSMITH, General Counsel

By Kevin Reisch
Kevin Reisch
Deputy General Counsel

KR:jb
2/17/2011
Or.Dept:Redev.Agency
RA-2011-97

Comp.:R-2011-734

I hereby certify that the foregoing Resolution was passed by the Redevelopment Agency of the City of San Diego, at this meeting of _____.

REDEVELOPMENT AGENCY

By _____
Jeannette Santos, Deputy Secretary

Approved: _____
(date)

JERRY SANDERS, Executive Director

Vetoed: _____
(date)

JERRY SANDERS, Executive Director